Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of	)	
	)	
2006 Quadrennial Regulatory Review – Review of the Commission's Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996	)	MB Docket No. 06-121
	)	
2002 Biennial Regulatory Review – Review of the Commission's Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996	)	MB Docket No. 02-277
	)	
Cross-Ownership of Broadcast Stations and Newspapers	)	MM Docket No. 01-235
	)	
Rules and Policies Concerning Multiple Ownership of RadioRadio Broadcast Stations in Local Markets	)	MM Docket No. 01-317
	)	
Definition of Radio Markets	)	MM Docket No. 00-244

To: Office of the Secretary
Attn: Chief, Media Bureau

REPLY COMMENTS OF THE
MID-ATLANTIC COMMUNITY PAPERS ASSOCIATION

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Summary

Certain comments, including those of the Newspaper Association of America, assert that there have been changes in the media marketplace over the last thirty years, even more profound in the just the last three, that somehow render logical analysis of local media ownership obsolete. Generally ignoring the historic waves of consolidation, they describe a transformation of media due to almost magical properties of the Internet. The pace and scope of this so-called "transformation" have brought forth an interesting assortment of adjectives and adverbs, including: "rapidly, exponentially, undeniably, dizzyingly, ever-expanding, ever-accelerating, head-spinning, dramatically." One ironic testament cited to support this world-view is the use of websites and e-mail to inform citizens about the last ownership proceedings, in spite of the comprehensive traditional media blackout, and the actions of those informed citizens using the Internet to file their comments with the FCC. They submit that the Internet has attracted the attention of the masses, capital from Wall Street and an expanding sliver of the advertising pie. The web of interconnected computers has, according to certain testimony, even made broadcast spectrum less scarce. The relative audience reach of a media property, and its corresponding local market share, should now be irrelevant to the FCC and the world, because there are now too many websites to list by name. In short, everything has changed.

This story is much different than the one these companies tell their advertisers, bankers and Wall Street analysts. To the audience that feeds them, local market dominance can and must be measured. The statistics these commenters show to that crowd demonstrate that the local daily newspaper maintains a monopoly on its community market in both the traffic of ideas and the collection of advertising receipts. On Main Street, they provide expensive, proprietary website data to prove that their online

franchise also dominates in local traffic, expanding the scope and size of their readership and channeling new streams of advertising revenue. In the local market, their website is the place to be, and continued growth in their brand is the best place to buy stock.

MACPA and the free community paper industry compete with the proponents of cross-media consolidation every day on Main Street. We keep Guttenberg's print legacy alive and relevant, embracing free and fair competition often from the short end of the stick. In doing so we provide a service to our communities and an essential resource for local business, the lifeblood of our collective economies. We submit that the more some things have changed the more some things stay the same, including the trend toward greater consolidation in local media. As ownership shrinks to fewer and fewer capitalized concerns, some argue for new cross-media acquisition opportunities. Even as they lament their stock prices, they propose pulling local media from community reliance and subjecting them to the same whims of Wall Street. Any tampering with the newspaper-broadcast cross-ownership rules will trigger an unprecedented wave of cross-media consolidation, strangling the remaining competition and putting local economies at serious risk.

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To: The Commission

REPLY COMMENTS OF THE
MID-ATLANTIC COMMUNITY PAPERS ASSOCIATION

The Mid-Atlantic Community Papers Association ("MACPA")[1], by its consultant, hereby submits this reply in response to certain comments on the Commission's *Further Notice of Proposed Rulemaking* in this proceeding. In the *Further Notice*, the Commission sought comment on whether, and if, to what extent, the Commission should revise the longstanding newspaper/broadcast cross-ownership rule, among related matters. This rule bars common ownership of a broadcast station and a daily newspaper in the

[1] MACPA is a nonprofit incorporated association of independently owned and operated publishers of free community papers, serving communities in the Mid-Atlantic region, including Pennsylvania, Ohio, New Jersey, New York, Maryland, Virginia, West Virginia and Washington, D.C. MACPA's board of directors are joined with the directors of the following state, regional and national associations of free paper publishers in adopting and filing with the FCC, resolutions opposing alteration of the current Newspaper/Broadcast Cross-ownership Ban: Association of Free Community Papers, Mid-West Free Community Papers, Wisconsin Community Papers, Southeast Advertising Publishers Association, Free Community Papers of New England, Community Papers of Michigan, Free Community of New York, and the Independent Free Papers of America (see Exhibits). Collectively, these associations represent the free community publishing industry.

same market. 47 C.F.R. § 73.3555(d). Comments were submitted in response to this Further Notice by numerous corporations in the newspaper publishing and broadcasting industries, trade associations, local media outlets, churches, consumer and other advocacy groups, and a multitude of private citizens.

Two distinct sets of opinion were expressed to the Commission regarding the longstanding newspaper/broadcast cross-ownership rules. Commenters with the economies of scale to leverage cross-media acquisitions argued for lifting current regulatory safeguards. Commenters representing a broader range of social and economic interests and diverse perspectives, concluded that current safeguards remain most necessary for American society and should therefore be preserved. In this reply, MACPA agrees with the overwhelming majority of commenters that community interests compel the retention of the newspaper/broadcast cross-ownership rules.

I. Background

The Commission is directed by the Communications Act to place the broad public interest above the narrow interest of the broadcasting companies. The foundation of communications policy is based on the understanding that "in the absense of governmental control the public interest might be subordinated to monopolistic domination in the broadcasting field."[2] The preservation of fair competition in the broadcasting industry has traditionally served as the guiding principle to balance these interests. With regard to preserving the broad public interest, we agree with the reasoned analysis of Daily News, L.P. ("Daily News"), that "consumers receive more choice, lower prices and more innovative services in competitive markets than they do in markets where one or more firms excercise market power. A market structure limiting the ability of one entity to own television stations and newspapers is more likely to result in vigorous competition. As the Commission has noted, the aggregation of inordinate market share by a small number of firms will tend to harm public welfare since highly concentrated markets tilt the proper balance of power too far in favor of some firms and against those who could challenge them."[3] It should be particularly noteworthy to the Commission that these remarks come from a daily newspaper

[2] *FCC v. Pottsville Broadcasting Co*., 309 U.S. 134, 137 (1940).
[3] *See* Comments of Daily News, L.P. at 11.

with the sufficient economy of scale to leverage cross-media acquisitions, operating in one of the rare media markets served by competing daily newspapers.

The atypical New York market serves as contrast to the majority of media markets, where inordinate market share is currently held by the natural monopoly daily newspaper. As detailed in the recent analysis of Mark Cooper, in virtually all American communities, any single cross-media acquisition would lead to an aggregation of market share for the merged entity well above Department of Justice and Federal Trade Commission Guidelines.[4] The market power achieved through size, range, scope and economic force is not the only resulting factor sought by proponents of such combinations. Missing from the comments of those advocating the abolishment of current safeguards, but duly noted by certain commenters favoring fair competition, is the full and dangerously anti-competitive potential of their vertical integration ambitions.

The Daily News accurately calls attention to the fact that "a cross-media conglomerate has the ability to 'bundle' packages of advertising vehicles to potential advertisers in a manner which its competitors simply cannot. This creates a resulting market advantage which has the potential to unfairly impede competition in the media market."[5] Taken further, when used as a legal firewall, vertical integration significantly reduces the potential for successful charges of collusion, since vertically integrated firms can disguise their breaches of collusive agreement through internal pricing structures. MACPA members have experienced, and so agree with, the conclusion that "in markets where there are such newspaper/broadcast combinations...such firms can be expected to employ a range of anti-competitive tactics such as cross-subsidization, predatory pricing, cross-promotion involving the marketing of mul-

[4] Mark Cooper, *How Bigger Media Will Hurt Pennsylvania: A Report On Pennsylvania Media Markets and the Impact of Newspaper/TV Cross-Ownership Mergers*, McGannon Communications Research Center, October 2006. "The results are stark. In every case, we find that Pennsylvania citizens already face highly concentrated markets with few choices of news and views. Possible mergers would only make matters worse, risking both localism and democracy. Even in Philadelphia, one of the largest and least concentrated markets in the country, any cross-media merger involving the top two firms would increase concentration in excess of the Department of Justice and Federal Trade Commission Merger Guidelines. In the smaller markets, the outlook is even worse." *Note*: Cooper's analysis and conclusions were consistent in related reports on media markets in Arkansas, California, Florida, Maine, Michigan, Montana, Ohio, Oregon, Texas, Virginia and Washington.
[5] *See* Comments of Daily News, L.P. at 11.

timedia advertising packages and price discrimination."[6] The proponents of cross-media consolidation neglected to share these ambitions in their comments to the Commission, but they are on record in comments to other audiences including their peers and financial backers.

"We have the state's largest newspaper and the state's most watched TV station pointing people to the site every day....It has just been a constant drumbeat of promotion, telling people that *azcentral.com* is the place to go. Our aggressve promotion...really helped us," explained Mike Coleman to Scarborough Research.[7] Mr. Coleman is the vice president of digital media for the Arizona Republic and KPNX-TV, the NBC affiliate in the waivered Phoenix market. Praise for the advantages of market power achieved through cross-ownership, and the corresponding leveraged aggregation of market share is echoed in a "grandfathered" market. In Tampa, bundled packages and cross-media promotions are effectively maximized to thwart competition. Tampa Tribune's market development director, Ted Stasney, states: "Our parent company also owns WFLA-TV, the NBC affiliate in the Tampa Bay area, so TBO.com has the distinction of having both newspaper and television convergence partners....This gives us tremendous promotional strength and ability to do frequent cross-promotions with our multimedia partners."[8]

II. Goal of Cross-media Consolidation Commenters

We submit that the ultimate goal of those advocating the abolishment of current safeguards is the power that comes after effective competition is neutralized by all means. It is the ability to hold demand hostage to the will of the aggregator of coveted supply, otherwise described as the ability to set prices at will. Although that might be the desire of many business owners, in most industries the idea could only ever remain a dream. Mass media ownership is intrinsically different, and the responsibilities of the Commission to the broadest public interest in this proceeding are monumental. The fifth

[6] *See* Comments of Daily News, L.P. at 11.
[7] *A New Story Lead for the Newspaper Industry: Newspapers Are Succesfully Extending Their Audience Online,* Scarborough Research, August, 2006 at 18.
[8] *Ibid*.

Review of the Radio Industry, a comprehensive update to the FCC's own *Media Ownership Working Group Study No. 12*, made unceremoniously public only this September, reveals that the significant removal of FCC enforceable safeguards on radio station ownership has been a disaster for diversity of ownership, a homogenizing force on programming and an economic hardship for dependent advertisers. The Telecommunications Act of 1996, which decapitated local and national radio ownership limits for single entities, led to a furious spiral of radio station acquisitions unprecedented in history both in volume and in single entity concentration locally and nationally.

The conclusions of the update to the FCC's *Media Ownership Working Group Study No. 12* were reportedly not made available to Commissioners during deliberations on the 2002 Biennial Regulatory Review, *Review of the Commission's Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telcommunications Act of 1996*, MB Docket No. 02-277, nor were they seemingly available to any petitioner in *Prometheus*. That body of evidence, invisible to the deliberators and therefore in the final product of deliberations, should weigh heavier now on these proceedings. The study shows continuing increases in concentration and a dramatic increase in advertising rates. From March 1996 to March 2003, the 4 firm concentration ratio increased from 83% to 92% nationally, but increases were much greater in the top 50 markets. Over the same period, radio advertising rates increased by 87% in nominal dollars or, by Mark Cooper's calculation about 74% in inflation adjusted (real) dollars. Using a standard economic calculation for the mark-up of price above cost, the Lerner Index (L=HHI/elasticity of demand), he estimates that two thirds of the real increase can be attributed to increased concentration.[9]

Please consider that these are only the quantified effects of intra-medium, broadcast radio consolidation. This outcome is the unstated but ultimate goal of deregulatory commenters, however we join the overwhelming majority of commenters that view this as "the canary in the coal mine."[10] To be certain, the results of radio consolidation were neither a mystery nor a dissappointment for those that

[9] E-mail correspondence from Mark Cooper, September 20, 2006.
[10] Oral comments at the Commission Hearing in Nashville, December 11, 2006.

engineered it. The fact that they were not duly catalogued did shock many, however, as they learned of the information through emerging channels of access. Less than a year after the FCC's safeguards collapsed, a well-placed official from a separate federal agency charged with protecting free and fair competition generally, went on record with *Advertising Age* magazine. Joel I. Kline, an assistant attorney general in the antitrust division, remarked on the wave of radio mergers and acquisitions. Mr. Kline elaborated on the discretion the Justice Department guidelines offered relating to the 40% market share standard and multiple large-share market players. He cited a memorandom he had personal knowledge of, between two merged stations, where the acquiring rival elaborates on the benefits of "working in conjunction (with the new subsidiary) to raise rates...one of the biggest reasons our rates are so low is the direct format competitor...simply raising our rates by 50%, which I think is possible, will accomplish our goal."[11]

MACPA strongly agrees with commenters who remind the Commission that our nation's airwaves are a public trust, and thus maintaining a license for broadcast spectrum is a privilege, not a right. Community interests, by law and tradition, take precedent over pure profit. As the Center for Creative Voices in Media, *et al* reinforce: "The *Prometheus* Court held that the Commission erroneously reviewed the regulations by applying a presumption in favor of eliminating or relaxing the rules. *Prometheus Radio Project*, 373 F.3d at 394-395; *see also Cellco P'ship v. FCC*, 357 F.3d 88, 98 (D.C. Cir. 2004). The Court made clear that the Commission is under no presumptive obligation to either relax or eliminate the rules. *Prometheus Radio Project*, 373 F.3d at 394-395. In fact, to comply with the Court's directive, the Commission's decision must benefit 'the public interest and support its decision with a reasoned analysis.' *Id*. at 395."[12] We urge the Commission to consider the public interest in the new light of the fifth *Review of the Radio Industry*, and to restore reasoned analysis in future working models of the local marketplace.

[11] *Advertising Age* magazine, February 24, 1997.
[12] *See* Comments of Center for Creative Voices in Media, *et al* at 2-3

III. Defining The Local Marketplace: Communities v. Abstractions

MACPA joins with commenters who implore the Commission to view local media markets as distinct functioning communities, and not as absolute abstractions. As we all saw in *Prometheus*, real places, with real people, engaged and fueled by real media outlets, functioning in real local economies, can be so rendered by abstraction, and redefined by equation to appear on paper as their near antithesis. Thus, the Diversity Index may have once looked to some as a plausible and convenient tool for viewing media usage in local communities, but the *Prometheus* Court, and near consensus of current commenters, call for either its revision or removal. The Newspaper Asociation of America ("NAA") offers a remedy that would not only abandon the Diversity Index, it would do away with the constructs of competitive position in their entirety. Under their proposal, even the Herfindahl-Hirschman Index ("HHI") and the Merger Guidelines issued by the U.S. Department of Justice and the Federal Trade Commission would be scrapped. They ask the Commission to look at the local marketplace through the wildly subjective lens of "adequate variety," rather than quantifiable "market share." NAA suggests: "Dispensing with the Diversity Index, the FCC can greatly simplify its analysis in this proceeding by focusing on whether consumers in individual media markets have a sufficient number of local news and informational outlets available to them to ensure that they will be well-informed and exposed to a variety of viewpoints. So long as local audiences have an adequate variety of local news and informational choices at their disposal, the relative audience reach, market share, or popularity of one outlet versus another should be irrelevant."[12]

MACPA vehemently objects to this proposal, which we view as a dishonest attempt to redefine local marketplace competition to infinity. Neither our member publishers nor their member publishers approach advertisers with the proposition that they invest their advertising dollars with their publications because the "relative audience reach" does not matter. Advertisng is not successfully sold, nor are corresponding results for advertisers delivered, based on fluff of mere adequacy and total avoidance of

[12] *See* Comments of Newspaper Asociation of America at 89.

the construct of market share.

At the same time, NAA would like the Commission to resurrect similar "reasoned analysis" based in theory on maket share, that purports to describe the forms of media under current consideration as separate, distinct and non-competing markets. They cite their own arguments and an FCC study riddled with critical caveats: "based on the conclusions of one of the MOWG studies and extensive information submitted by commenters, the FCC determined that most advertisers simply 'do not view newspapers, television stations, and radio stations as close substitutes.' Accordingly, the Commission found that elimination of the ban could not 'adversely affect competition in any product market.' No party directly challenged this aspect of the FCC's 2003 Order."[13] In fact, we do challenge this argument as well as the underlying data and assertions that fed Media Ownership Working Group study number 10, *On the Substitutability of Local Newspaper, Radio, and Television Advertising in Local Business Sales*. The academic language of its summary conclusion, "estimated elasticities of substitution and the estimated ordinary cross-price elasticitites suggest weak substitutability between local media,"[14] betrays the words and deeds of merchants on Main Street.

The conclusions are also undermined by the study's own recognition that the data are problematic: "The following caveat must be acknowledged when considering this study in communications policy. There are limitations inherent in the underlying data. For example, local radio ad expenditures are not total expenditures on radio within a DMA because total local radio revenue is not reported. In addition, local newspaper ad expenditures are constructed through an allocation process that introduces some degree of error."[15] In fact, there is much more than "some degree of error," where units of cost per point ("CPP") are forced into equivalence with Standard Advertising Units ("SAU"), without recognition of the existence of prevailing contract rates or even a cross check of airtime or lineage actually sold. Further, expenditures for entire local business categories were possibly ignored, as classified advertising revenue was not factored into the equation. These critical categories include, but are not limited to,

[13] *See* Comments of Newspaper Asociation of America at 11.
[14] *See* Media Bureau Staff Research Paper Number 10, Media Ownership Working Group , *On the Substitutability of Local Newspaper, Radio, and Television Advertising in Local Business Sales,* September, 2002, at 3.
[15] *Id* at 11.

automotive, real estate and recruitment.

We submit that the flaws in determining elasticity run deeper, as the hodgepodge of admittedly incomplete underlying data are furnished by proprietary providers as well as by the same trade associations seeking to eliminate cross-ownership rules. Moreover, simply dividing a sample market's incomplete advertising expenditures by number of "establishments" recognised in five year old U.S. Census Bureau surveys to achieve a "representative local business,"[16] would seemingly translate into a representation of no particular business at all. Dividing the sum of advertising allocations of an orthodontist that spends no money and a furniture store that spends lots, by their sample number of two, may give you an average, but it won't describe advertising decisions and media competition on Main Street, America.

Plugging incongruous numbers into a convoluted formula that obscures real world advertising decision making and expenditures can be made to suggest on paper that a local car dealer, advertising in the local newspaper, while airing on local radio and television stations, is statistically doing all or none of the above. Anybody that has actually sold media, and encountered their counterparts from competing media on real world sales calls, knows experientially that newspapers compete with radio stations who compete with television stations for the same advertising dollars in the same local marketplace. Trade associations representing the advertiser side of this equation maintain credible databases relating to their membership's advertising expenditures by medium,[17] and a broad survey from this consumer data will surely yield more credible results, reflective of the intense cross-media competition in the local marketplace.

At the same time, the Commission must also be critically aware of potential internal bias toward predetermned policy objectives. Simply put, the policy must fit the data rather than finding data to fit the policy. We respectfully raise this issue, in particular, in response to one of the recently released draft

[16] *See* Media Bureau Staff Research Paper Number 10, Media Ownership Working Group , *On the Substitutability of Local Newspaper, Radio, and Television Advertising in Local Business Sales,* September, 2002, at 11.

[17] *See* MediaNews Group Interactive, *Finding Revenue Opportunities by Working with Competitors*, presented at PNA Annual Convention, November 2, 2006. Referencing "Dealer Associations Advertising Expenditures," MediaNews Group Interactive had no apparent trouble in obtaining cross-media spending details for the Albany/Schenectady/Troy area automobile dealer association, which clearly demonstrate the substitutability of local newspapers, radio and television staions. We urge the Commission to seek purchasing data from concerned advertisers and their rade associations in future analysis of local advertising and construction of local media markets.

papers, *Summary of Ideas on Newspaper-Broadcast Cross-Ownership*. Attributed to then FCC Chief Economist, Leslie M. Marx, June 15, 2006. In the first sentence of the introduction, it states the clear objective, "how the FCC can approach relaxing newspaper-broadcast cross-ownership restrictions,"[18] and offers what could be considered a blueprint for the manufacturing of data and studies to support the stated policy objective. This paper was released internally only one week before the public announcement of the current *Rulemaking*, and it appears to offer strategy, theory and even talking points, to elaborate a predetermined conclusion. Also troubling is the fact that it even relies on a report submitted by Media General, a commenter in this very *Rulemaking,* advocating the lifting of current regulatory safeguards.

To summarize the *Summary of Ideas on Newspaper-Broadcast Cross-Ownership*: All markets can possibly be described as needing relaxation of current rules, either because they are competitive or because they fit the newly minted paradigm "at-risk" of losing even more news.[19] It proposes raising the currently recognised competitive threshold to at least 3700 HHI based on historical probability of an actual FTC challenge[20], dramatically redefining many markets as competitive. This leaves the remaining set of non-competitive markets needing an even more convoluted rationale for cross-media mergers: Such mergers will save them from the threat of losing even more news![21] They can now be considered "at-risk," and six actual "talking points"[22] are offered to market the new "at-risk" paradigm. The report then offers specific studies which could be construed as a means to buttress the a priori conclusions.

We submit that the lessons from *Prometheus* and the duty to the greater public interest should direct the Commission away from predetermined policy outcomes, and back to an objective observation of the local community marketplace, where 98.9% of cities have one daily newspaper, cross-media rivals really compete and media ownership is in fact highly concentrated now. We assert that this also compells the recognition that the sphere of the internet, as it applies to local markets, is a most successful brand extension of the largest and most successful media properties in those markets.

[18] FCC draft paper, *Summary of Ideas on Newspaper-Broadcast Cross-Ownership*, Leslie M. Marx, June 15, 2006 at 3.
[19] *Id*. at 5.
[20] *Id*. at 7-8.
[21] *Id*. at 11.
[22] *Id*. at 13-14.

IV. The Internet: Hyperbole, Technology and Red Herrings

To start, any consideration of the internet and its role in this *Rulemaking*, must first attempt to cut through the hyperbole and energetic language offered by certain commenters. Perhaps the most dramatic comments come from the NAA, in which they assert that the internet has actually made the broadcast spectrum somehow less scarce,[23] while they offer tempered acknowledgement of the fact that newspapers are indeed innovating and harnessing this technology.[24] It would seem that if Internet technologies were so transformational as to regenerate broadcast spectrum, and the act of leveraging its properties not unduly restricted by regulation, and while such rewards are admittedly being harvested, arguments to overturn the rules relating to mature media should be abandoned in favor of focusing all energies on maximizing current success in internet ventures.

The fact that cerain commenters in the print and broadcast industries are still arguing for the opportunity to cross-merge, is a tacit admission that they do recognise their continued relevance and market dominance even in this new world where computers and gadgets are interconnected in real time. As the Project for Excellence in Journalism recently concluded: "'The Internet,' we found, describes a technology, not a style of media or a set of values or even a journalistic approach. The seven news Web sites we monitored varied widely — from Google's emphasis on speed and bulk to Yahoo's focus on navigability to a local TV news station's site, largely a portal for advertising copy. Many of the most popular sites also remain largely a stepchild of print and wire-service content, especially the so-called Internet-only sites that produce no copy of their own. As a result, while the Internet has added more outlets from which to choose, it has not, our study suggests, added new topics to the agenda."[25]

[23] *See* Comments of Newspaper Asociation of America at 22, "the scarcity rationale can no longer be relied upon," *and at* 64, "The transformative impact that the Internet has had on the media marketplace....(and the) Internet's rapid emergence as a global communications powerhouse has, in fact, made total hash of the Commission's historic arguments....predicated on an understanding that there was a physical limitation in the number of channels that could be allocated to any given community....(and) on the fact that,'there are substantially more individuals who want to broadcast than there are frequencies to allocate'....In the age of the Internet, the reverse is true—i.e., the demand for capacity is consistently lower than the supply. Moreover, the Internet has a demonstrated ability to expand its capacity to keep pace with rapidly growing demand."

[24] *Id*. at 55.

[25] *See* Project for Excellence in Journalism, *The State of the New Media 2006: An Annual Report on American Journalism, A Day in the Life of the News*, http://stateofthemedia.org/2006/narrative_daymedia_intro.asp?cat=1&media=2.

The Internet is a word that most accurately describes an evolving technology, and habits of users of this technology can be tracked. Doing so, in the context of local media markets, locally generated content and traffic from local citizens to that content converge overwhelmingly at the internet sites owned and operated by the local newspaper, television stations and radio stations.[26] These local Internet sites are brand extensions of the dominant local media providers, and the content is both a reflection and an extension of the flagship properties. Local entities create local content, thus they are the generating source of said information. Certain commenters have persistently blurred this important distinction. The Internet, by itself, does not generate content, and the "internet" as an ambiguous noun is not a "source." Online is not a place, but a particular website is virtually.

It follows that the statement: "More and more people are getting their news online," tells a partial and misleading truth. When all due local consideration is given, the statement becomes, with marginal exceptions: "More people who choose to get their local news online, actually get it from the website of their dominant daily newspaper, and otherwise from their local television or radio stations." While the local internet traffic to local news websites overwhelmingly favors media properties owned by the commenters united for cross-media consolidation, their global online partnerships and ventures have solidified their regional and national dominance of emerging, and increasingly lucrative internet platforms.

The latest such online venture involves three of the nation's largest newspaper conglomerates, who are already familiar to each other from previous online merging. According to *Editor & Publisher*, "Gannett Co., McClatchy Co., and Tribune Co. are said to be considering a plan to allow clients to buy Web site advertising for all three companies in one deal....the effort aims to attract big, national advertisers like car companies for Internet display ads....Through the joint effort, advertisers only will need to negotiate one deal instead of going to each company or newspaper."[27] These same three together already share the controling interest in *CareerBuilder.com*[28] and also join with Belo Corp., and The Washington

[26] *See* www.borrellassociates.com, memorandum re: Growth of Local Online Advertising, January 28, 2005. In addition to local traffic, "Daily newspapers remain the largest single shareholder of local Internet advertising and appear to be maintaining that share amid the brisk growth" at 2

[27] *See* editorandpublisher.com, *3 Top Publishers Plan Joint Web Ad Buys*, January 10, 2007.

[28] *See* http://www.careerbuilder.com/share/aboutus/profile_history.aspx

Post Co., in the ownership of Classified Ventures, LLC, the parent of *Cars.com, Apartments.com, RentalHomesPlus.com and Homescape.com*[29] These conglomerated website ventures dominate their respective categories in traffic and advertising revenue, and by itself, McClatchy Co.'s division, McClatchy Interactive, with its Real Cities Network, cites Nielsen Net Ratings, March 2006, to demonstrate that their network is the "most popular online news source."[30]

Given the newspapers' enviable position in the new world of the Internet, both locally and nationally, it is hard to regard alarmist comments regarding threats from the so-called Goliaths, Yahoo! and Google, as anything but red herrings. The recent cooperative agreements between the print industry and these new media giants notwithstanding, the real and imagined threats come more from the capital markets than from the local media markets they serve. A most interesting counterpoint can be found in Yahoo! Inc.'s recent Quarterly Report to the Securities and Exchange Commission, where they offer sober guidance to their investors: "We face significant competition from traditional media companies which could adversely affect our future operating results. We also compete with traditional media companies for advertising. Most advertisers currently spend only a small portion of their advertising budgets on Internet advertising. If we fail to pursuade existing advertisers to retain and increase their spending with us and if we fail to pursuade new advertisers to spend a portion of their budget on advertising with us, our revenues could decline and our future operating results could be adversely affected."[31]

In light of the practical realities of current ownership, contined market dominance, and the pending anti-competitive prospect of enhanced cross-media promotion and advertising sales, we must reach the opposite conclusion of the NAA as it comments: "In particular, given the meteoric rise of highly localized websites and online citizen journalism, the FCC should have no difficulty on remand establishing a complete record on the vital role that the Internet plays in the local marketplace for news and information."[32] As detailed, the Internet is not a source in itself, and is predominantly another extension of the same players on the most local level. As for so-called "citizen journalism," it will provide

[29] *See* http://classifiedventures.com
[30] *See* www.realcities.com
[31] See Quarterly Report on Form 10-Q of Yahoo! Inc. for the quarter ended September 30, 2006, as filed with the Securities and Exchange Commission, November 3, 2006 at 43.
[32] *See* Comments of Newspaper Asociation of America at 47.

another cost-cutting tool, as it is fully harvested into inexpensive, copyright free content. However, we respectfully submit to the Commission that, beyond hyperbole and red herrings, there is nothing in the "Internet" arguments we have read that compells anything but the preservation of current regulatory safeguards on cross-media ownership.

V. Conclusion: Preserving Fair Competition

Any tampering with the newspaper-broadcast cross-ownership rules will most certainly trigger an unprecedented wave of cross-media consolidation, strangling the remaining competition and putting local economies at serious risk. The recent merger challenge history of the DOJ and FTC, duly noted by former FCC economist Marx, ensures that not much will stand in their way. MACPA and the free community paper industry compete with the proponents of cross-media consolidation every day on Main Street. We keep Guttenberg's print legacy alive and relevant, embracing free and fair competition often from the short end of the stick.

In doing so we provide a service to our communities and an essential resource for local business, the lifeblood of our collective economies. We submit that the more some things have changed the more some things stay the same, including the trend toward greater consolidation in local media. As ownership shrinks to fewer and fewer capitalized concerns, some argue for new cross-media acquisition opportunities. Even as they lament their stock prices, they propose pulling local media from community reliance and subjecting them to the same whims of Wall Street. Faceless shareholders replace community stakeholders, and the fiduciary responsibilities to the parent company take precedence over the needs, concerns and values of the community.

Moreover, as the NAA laments "heavy-handed government regulation of the media," they fail to mention their own successful pleas for privileged statutory protection. Those heavy-handed, legalized marketplace advantages include the Newspaper Preservation Act, Periodicals Mail Privileges and in most states, the exclusive market on government mandated advertising, known as Legal and Public Notice. From our position in the local media landscape, we contend that the current level of concentration in local media markets makes the ban on newspaper-broadcast cross-ownership more critical now than when it was first enacted. We urge the Commission to preserve these vital safeguards.

Respectfully Submitted,
Mid-Atlantic Community Papers Association

By: James M. Haigh
Government Relations Consultant
427 Ridge Street
Emmaus, PA 18049

Its Consultant

January 16, 2007

EXHIBIT A

MACPA
MID-ATLANTIC COMMUNITY PAPERS ASSOCIATION

P. O. Box 408
HAMBURG, PA 19526
OFF: 610-562-5480
1-800-450-7227
FAX: 610-562-9511
info@macpa.net

October 25, 2006

Joint Resolution of State, Regional and National Associations of Free Community Papers Relating to Media Ownership Rules Under Consideration by the Federal Communications Commission, 2006

The Mid-Atlantic Community Papers Association and our members represent more than 260 independently-owned publications in an eight-state region. The states represented by MACPA are: Pennsylvania, Ohio, New York, New Jersey, Delaware, Maryland, West Virginia, Virginia as well as Washington, DC. We believe strongly in Free Enterprise. We embrace it, act it, promote it and collectively serve as a medium to create it on Main Street, USA.

We support the First Amendment Rights of individuals and companies to freely establish free community papers or any form of print publication anywhere at any time. We do not object to their growth in size and power up to current anti-trust guidelines. We believe that the Freedom of Speech, of Private Citizens, the Press and of Commercial Enterprise is Protected for Reasons Beyond Tradition.

Moreover, Newsprint and Ink are Readily Accessible Commodities in Our Economy.

But the same is not true of the Broadcast Spectrum, rather the opposite on all counts. First, it is not a Commodity, it is a Public Trust. As such, it is Licensed, Conditionally. Maintaining a License is a Privilege not a Right. And what little remains of our Nation's Broadcast Spectrum is quantifiably Scarce.

You cannot chop a tree and harvest more Broadcast Spectrum, while the fact remains that many more people would like access to it than can be accommodated. The mere possession of an established Broadcast License, and its franchise, provide unique and powerful economic opportunities. Cross-ownership of such scarce public resources should remain regulated, while the value and influence of cable and the internet are allowed to emerge to significant, credible standards of bona fide local media outlets.

We believe that further deregulation of Broadcast Ownership, under current market conditions, will only lead rapidly to privileged concentration of cross-media dominance and economic power, community by community, by only those who can afford the ticket today.

Collectively, we strongly oppose lifting the cross-ownership ban on newspaper/broadcast properties, and discourage further loosening of standards that would allow further concentration of the privileged holding of our nation's limited broadcast licenses.

On Behalf of the
Mid-Atlantic Community Papers Association
and its members,

Randy Miller

Randy Miller, President

EXHIBIT B

IFPA
INDEPENDENT FREE PAPERS OF AMERICA, INC.

Independent Free Papers of America

Resolution of the Independent Free Papers of America
Relating to Media Ownership Rules under Consideration by the
Federal Communications Commission, 2006

Our Associations and our Members believe strongly in Free Enterprise. We embrace it, act it, promote it and collectively serve as a medium to create it on Main Street, USA.

We support the First Amendment Rights of individuals and companies to freely establish free community papers or any form of print publication anywhere at any time. We do not object to their growth in size and power up to current anti-trust guidelines. We believe that the Freedom of Speech, of Private Citizens, the Press and of Commercial Enterprise is protected for Reasons Beyond Tradition.

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Collectively, we strongly oppose lifting the cross-ownership ban on newspaper/broadcast properties, and discourage further loosening of standards that would allow further concentration of the privileged holding of our nation's limited broadcast licenses.

On Behalf of our Association and Members, this date of December 20, 2006,
I put my signature to this resolution.
Joe Green, President, the Independent Free Papers of America

Joe Green, President

RE:MB Docket No. 06-121

EXHIBIT C

midwest free community papers

PO Box 1350
Iowa City, IA 52244-1350

319-341-4352 • 800-248-4061
Fax 319-341-4358

e-mail at mfcp@mchsi.com • Visit our website at www.mypaper.com

Joint Resolution of Midwest Free Community Paper Relating to Media Ownership Rules Under Consideration by the Federal Communications Commission, 2006

Midwest Free Community Pape4rs and our Members believe strongly in Free Enterprise. We embrace it, act it, promote it and collectively serve as a medium to create it on Main Street, USA.

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Collectively, we strongly oppose lifting the cross-ownership ban on newspaper/broadcast properties, and discourage further loosening of standards that would allow further concentration of the privileged holding of our nation's limited broadcast licenses.

On Behalf of Midwest Free Community Papers and our Members,

Brian Gay
Executive Director

EXHIBIT D

sapa
Southeastern Advertising Publishers Association

Joint Resolution of State, Regional and National Associations of Free Community Papers
Relating to Media Ownership Rules Under Consideration by the
Federal Communications Commission, 2006

Our Associations and our Members believe strongly in Free Enterprise. We embrace it, act it, promote it and collectively serve as a medium to create it on Main Street, USA.

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Collectively, we strongly oppose lifting the cross-ownership ban on newspaper/broadcast properties, and discourage further loosening of standards that would allow further concentration of the privileged holding of our nation's limited broadcast licenses.

On Behalf of this Association and its Members,

Mike Woodard

Mike Woodard, President

P.O. Box 456 Columbia, TN 38402 1.877.429.1782 fax 1.877.589.8576 info@sapatoday.com

EXHIBIT E

wisconsin community papers

"wisconsin's one stop print media source"

Re: MB Docket No 06-121
Resolution of Wisconsin Community Papers Relating to Media Ownership Rules Under Consideration by the Federal Communications Commission, 2006

Our Association and our Members believe strongly in Free Enterprise. We embrace it, act it, promote it and collectively serve as a medium to create it on Main Street, USA.

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Collectively, we strongly oppose lifting the cross-ownership ban on newspaper/broadcast properties, and discourage further loosening of standards that would allow further concentration of the privileged holding of our nation's limited broadcast licenses.

On Behalf of our Association and it's Members,

Janelle M. Anderson

Janelle M. Anderson
Executive Director – Wisconsin Community Papers

101 south main street fond du lac, wi 54935 phone: 800.727.8745 fax: 920.922.0861 www.wisad.com
Janelle M. Anderson executive director e-mail: janelle@wisad.com

EXHIBIT F

Joint Resolution of State, Regional and National Associations of Free Community Papers Relating to Media Ownership Rules Under Consideration by the Federal Communications Commission, 2006

Our Associations and our Members believe strongly in Free Enterprise. We embrace it, act it, promote it and collectively serve as a medium to create it on Main Street, USA.

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Collectively, we strongly oppose lifting the cross-ownership ban on newspaper/broadcast properties, and discourage further loosening of standards that would allow further concentration of the privileged holding of our nation's limited broadcast licenses.

On Behalf of our Associations and Members,

Paul Sciraffa

PRESIDENT
FREE COMMUNITY PAPERS
OF NEW ENGLAND

EXHIBIT G

Community Papers of Michigan

Kevin Curley – Executive Director

4970-B Northwind Dr.
East Lansing, Michigan 48823
Phone: (517) 333-3355
Fax: (517) 333-3322

Joint Resolution of State, Regional and National Associations of Free Community Papers Relating Media Ownership Rules Under Consideration by the Federal Communications Commission, 2006

Our Associations and our Members believe strongly in Free Enterprise. We embrace it, act it, promote it and collective serve as a medium to create it on Main Street, USA.

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Collectively, we strongly oppose lifting the cross-ownership ban on newspaper/broadcast properties, and discourage further loosening of standards that would allow further concentration of the privileged holding of our nation's limited broadcast licenses.

On Behalf of our Associations and Members,

Kevin Curley
Executive Director
Community Papers of Michigan

EXHIBIT H

The mission of FCPNY is to unite the free community papers of New York for strength and prosperity.

Karen Sawicz
President

Mark Coyle
1st Vice President

Carla Chase
2nd Vice President

Loren Colburn
Secretary/Treasurer

Directors:
Dan Alexander
Bridgette Goodman
Steve Harrison
Bill Jones
Steve Kluckhohn
Richard Megenedy
Colleen Neeley
Robert Rozeski
Randy Shepard
Richard Snyder
Mark Todd

Mary Gaughan
Executive Director

Peter Morris
Marketing Director

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Address:
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13218

Phone:877-275-2726
Fax: 315-472-5919
Email:ads@fcpny.com
Web: www.fcpny.org

fcp ny

Resolution of Free Community Papers of New York
to Media Ownership Rules Under Consideration by the
Federal Communications Commission, 2006

Re: MB Docket No. 06-121

Our Association and our Members believe strongly in Free Enterprise. We embrace it, act it, promote it and collectively serve as a medium to create it on Main Street, USA.

We support the First Amendment Rights of individuals and companies to freely establish free community papers or any form of print publication anywhere at any time. We do not object to their growth in size and power up to current anti-trust guidelines. We believe that the Freedom of Speech, of Private Citizens, the Press and of Commercial Enterprise is Protected for Reasons Beyond Tradition. Moreover, Newsprint and Ink are Readily Accessible Commodities in Our Economy.

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Collectively, we strongly oppose lifting the cross-ownership ban on newspaper/ broadcast properties, and discourage further loosening of standards that would allow further concentration of the privileged holding of our nation's limited broadcast licenses.

On Behalf of our Association and Members,

Mary Gaughan

Mary Gaughan, Executive Director

FREE COMMUNITY PAPERS OF NEW YORK

EXHIBIT I

James L. Kendall
President

October 23, 2006

FILED/ACCEPTED
OCT 31 2006
Federal Communications Commission
Office of the Secretary

DOCKET FILE COPY ORIGINAL

MB Docket # 06-121
Federal Communications Commission
445 12th Street SW
Washington, DC 20554

Dear Commissioners:

The Association of Free Community Papers respectfully submits these comments with the desire that they be carefully considered by the Federal Communications Commission when considering whether to make changes in the Media Ownership Rules.

AFCP represents nearly 3,000 individual free distribution publications across the country. Our members provide local news and advertising information to their readers. AFCP believes strongly in competition and free enterprise. We embrace it, act it, promote it and collectively serve as a medium to create it on "Main Street, USA."

We support the First Amendment Rights of individuals and companies to freely establish free community papers or any form of print publication anywhere at any time. We invite competition because we believe open competition is good for our readers and communities and, ultimately, good for our members. We believe that freedom of speech of private citizens, the press and of commercial enterprise is protected for reasons beyond tradition.

While newsprint and ink are readily accessible commodities in our economy, the same is not true of the broadcast industry; rather the opposite is true on all counts. Broadcast frequencies are not commodities. The ability to use a frequency is a public trust. As such, it is licensed, conditionally. Maintaining a License is a privilege not a right. And very little of our nation's broadcast spectrum is available.

More people, more voices and more companies would like access to the nation's broadcast spectrum than can be accommodated. The mere possession of an established broadcast license, and its franchise, provide unique and powerful economic opportunities. Cross-ownership of such scarce public resources should remain regulated, while the value and influence of cable and the Internet are allowed to emerge to significant, credible standards of bona fide local media outlets.

We believe that further deregulation of broadcast ownership, under current market conditions, will only lead rapidly to privileged concentration of cross-media dominance and economic power, community by community, by media companies in unique situations, rather than be open to all.

P.O. Box 1989
Idaho Springs, CO 80452
(877) 203-2327 Voice - (781) 459-7770 fax
afcp@afcp.org email - www.afcp.org web

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EXHIBIT I - 2

afcp
ASSOCIATION OF FREE COMMUNITY PAPERS

We strongly oppose lifting the cross-ownership ban on newspaper/broadcast properties, and discourage further loosening of standards that would allow further concentration of the privileged holding of our nation's limited broadcast licenses.

On Behalf of our association and its members,

James L. Kendall
President
201 Kelsey Lane
Tampa, Florida 33619
(813) 635-3357

P.O. Box 1989
Idaho Springs, CO 80452
(877) 203-2327 Voice - (781) 459-7770 fax
afcp@afcp.org email - www.afcp.org web